State of Alaska
FY2003 Governor's Operating Budget

Department of Environmental Conservation
Spill Prevention and Response
Budget Request Unit Budget Summary

Spill Prevention and Response Budget Request Unit

Contact: Larry Dietrick, Director
Tel: (907) 465-5250 **Fax:** (907) 465-5262 **E-mail:** Larry_Dietrick@envircon.state.ak.us

BRU Mission

Reduce unlawful oil and hazardous substance contamination in the environment.

BRU Services Provided

- Administer the Oil and Hazardous Substance Release Prevention and Response Fund and manages Division resources to protect public health and the environment through the safe handling and cleanup of oil and chemicals.
- Ensure that producers, transporters and distributors of crude oil and refined oil products prevent oil spills, and are fully prepared materially and financially to clean up spills.
- Prevent and mitigate the effects of oil and hazardous substance releases and ensures their cleanup through government planning and rapid response.
- Oversee and conduct cleanups at contaminated sites in Alaska and prevents releases from underground storage tanks and unregulated aboveground storage tanks.
- Manage the Storage Tank Assistance Fund and Oil and Hazardous Substance Release Prevention and Response Fund as viable, long-term funding sources for the state's core spill prevention and response initiatives.

BRU Goals and Strategies

1) PREVENTION - Ensure a “safer” Alaska through the spill-free handling of oil and chemicals.
- Prevent spills from oil terminals, pipelines, tank vessels and barges, railroads, refineries, nontank vessels, and exploration and production facilities.
- Prevent and reduce the occurrence of spills and hazardous substance releases through education and technical assistance to industry and the general public.
- Implement an underground storage tank prevention plan which includes risk reduction measures, outreach, mandatory inspections and tags, and education of fuel tank owners and operators in proper spill prevention and response methods.

2) PREPAREDNESS - Prepare Alaska “better” for spills through government and industry response readiness.
- Verify that facility and vessel operators have adequate resources to respond to oil spills through the review and approval of oil discharge prevention and contingency plans, inspection of response equipment inventories and spill response exercises and drills.
- Maintain and improve statewide spill response preparedness and response by integrating state response capabilities with local communities and other State and federal agencies, pre-positioning of response equipment for local use, maintaining statewide and regional spill response plans, and implementing an incident command system for oil spill response in Alaska.

3) CLEANUP - Ensure a “cleaner” Alaska through the cleanup of contaminated sites.
- Protect public safety through the identification and rapid abatement of dangerous acute human exposures to hazardous substances.
- Protect public health through the timely characterization and remediation of chronic health exposure risks due to hazardous substance releases.
- Protect the environment through mitigation of the effects of oil and hazardous substance releases on the environment and cultural resources.
- Restore property value and usability through ensuring adequate cleanup and supporting economic redevelopment and restoration of lands damaged by hazardous substance releases.

4) RESPONSE FUND MANAGEMENT - Ensure a “sustainable” funding source for the abatement of releases of oil and hazardous substances.

- Continue to focus future activities on core spill prevention and response needs to ensure the long-term viability of the Prevention Account of the Oil and Hazardous Release Prevention and Response Fund.
- Recover the state's costs for responding to unauthorized releases of oil and hazardous substances.

Key BRU Issues for FY2002 – 2003

Initiate a spill prevention public outreach program targeted to owners of home heating oil tanks.

Improve statewide hazardous materials response capability for communities at risk from ammonia or chlorine releases.

Implement new legislation requiring oil spill contingency plans for the Alaska Railroad and nontank marine vessels over 400 gross tons.

Evaluate oil and gas aging infrastructure issues associated with corrosion, best available technology, and tank standards and initiate a risk assessment of oil pipelines associated with Cook Inlet oil and gas development.

Complete final year of privatized underground storage tank inspections and promote the tank tagging program to ensure that spills at newly installed tanks are prevented.

Improve the involvement of local organizations and accelerate the cleanup of historic military contamination in Alaska, including unexploded ordnance.

Implement areawide assessment and cleanup strategies in selected locations involving multiple sources of contamination and evaluate alternative approaches to economic redevelopment of contaminated sites in Alaska.

Promote the economic redevelopment of contaminated sites in Alaska.

Major BRU Accomplishments in 2001

- Received 2,431 spill reports and conducted field responses to 297 spills and provided telephone follow-up to 232 other incidents.
- Conducted Prince William Sound sea trials to enhance escort system capability and resolve Hinchinbrook Entrance preparedness issues.
- Conducted preparedness drills on the North Slope in Beaufort Sea open water and broken ice conditions to evaluate contingency plans in conjunction with industry, federal and local representatives.
- Completed 74 contaminated site cleanups and issued 137 "no further action" letters for underground storage tanks and continued assessment and cleanup at 19 state-owned contaminated sites.
- Brought 99% of state-owned underground storage tanks into compliance with spill prevention requirements, oversaw third-party inspections and issued operating tags for 425 underground storage tanks, which allows them to receive fuel.

Key Performance Measures for FY2003

Measure:
The number of oil spills greater than one gallon per year compared to the number of spills requiring a response.
Sec 66 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The number of oil spills greater than one gallon requiring a state response each year has continued to decrease. This may reflect both an increase in preparedness on the part of spillers to clean up their own spills and a decrease in the number of significant spill incidents. 1,592 oil spills over one gallon were reported in FY 2001. Staff responded to 529 of these releases, either through field visits or telephone follow up action.

Spill Data Comparison (FY01 versus Average for Prior Years (FY96-00)

Performance Measure	**FY01**	**FY 96-00 Average**
Total Number of Spills Reported (includes both oil spills and hazardous substance releases)	2,431	2,467
Number of Oil Spills requiring a response*	529	945

*A response is defined as a field response or telephone follow-up action.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
Responses focused on the highest priority incidents that posed the greatest threat to public health and the environment. This number of responses is significantly lower than prior years and reflects the fact that fewer spills occurred that posed significant threats to public health or the environment.

Measure:
The number of hazardous substance spills compared to the number of hazardous substance spills requiring response.
Sec 66 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:
The number of hazardous substance spills requiring a state response each year has continued to decrease. This may reflect both an increase in preparedness on the part of spillers to clean up their own spills and a decrease in the number of significant spill incidents. 458 hazardous substance releases occurred in FY 2001. Staff responded to 82 of these releases, either through field visits or telephone follow up action.

Hazardous Substance Release Data Comparison - FY 01 versus Average for Prior Years (FY 96-00)

Performance Measure	**FY01**	**FY 96-00 Average**
Total Number of Hazardous Substance releases	458	558
Number of Hazardous Substance releases requiring a response*	82	128

*A response is defined as a field response or telephone follow-up action.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
In FY01, program staff responded to 82 hazardous substance releases. These responses focused on the highest priority incidents that posed the greatest threat to public health and the environment. This number of responses is significantly lower than prior years and reflects the fact that fewer spills occurred that posed significant threats to public health or the environment.

Measure:
The time the division takes from receiving a report of a spill to the determination of "no further action".
Sec 66 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The target for this performance measure is to reduce the time it takes to close out a spill site through continuous improvement in the contaminated site pre-screening process and time tracking to identify where sites are in the cleanup process. Site intake procedures have been formalized and the systematic collection and tracking of cleanup data is being strengthened through the redevelopment of the contaminated sites database.

Calculating an “average” time for closing out a contaminated site that results from a spill is problematic, since the date that contamination was first discovered at many sites is not known and decades of remediation may be required for others. Recognizing these limitations, the average time the division takes from receiving the spill report to the “no further action” determination is approximately four years.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
Take a collaborative approach with responsible persons to facilitate cleanup of contaminated properties.
- Rely on department enforcement authorities and funds from the Response Account to facilitate quicker action.
- However, rather than take an aggressive enforcement approach when the risk does not warrant it, focus efforts on creating a regulatory climate that assists responsible persons in speeding up the cleanup process.
Utilize the Voluntary Cleanup Program where possible to speed up the cleanup of low to medium priority sites.
- Increase department emphasis on working with responsible parties to take quick action to mitigate risk.
- Employ risk based cleanup standards, accompanied by institutional controls, to facilitate cleanups proportional to
- risk and appropriate for the intended land use, decrease the need for long term cleanups, and facilitate redevelopment of contaminated property.

Measure:
The state cleanup costs per spill per year.
Sec 66 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:
A continuing reduction in the cost of cleanups is the target for this performance measure. State cleanup costs per spill for the five-year period from FY 1996 through FY 2000 averaged 5,841 per year. The cost per spill in FY 2001 was 2,067. Detailed reporting of cleanup costs are contained in the Biennial Response Fund Report.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
The department is required by law to track and recover state response and cleanup costs from responsible parties and seek compensation for damages to the state's natural resources. The goal is to continue to improve the state's accounting, cost-tracking and billing procedures to ensure timely recovery of expended costs to the Oil and Hazardous Substance Release Prevention and Response Fund. The department will continue to pursue other sources of cost recovery, such as federal oversight funds and the federal Oil Spill Liability Trust Fund.

Measure:
The state cleanup costs per contaminated site per year.
Sec 66 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:
A continuing reduction in the cost of cleanups is the target for this performance measure. State cleanup costs per contaminated site for the five-year period from FY 1996 through FY 2000 averaged 6,726 per year. The cost per contaminated site in FY 2001 was 11,349. Increased average site costs in FY 2001 can be attributed to major cleanup efforts at six sites totaling over 1.5 million. Detailed reporting of cleanup costs are contained in the Biennial Response Fund Report.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:

The department is required by law to track and recover state response and cleanup costs from responsible parties and seek compensation for damages to the state's natural resources. The goal is to continue to improve the state's accounting, cost-tracking and billing procedures to ensure timely recovery of expended costs to the Oil and Hazardous Substance Release Prevention and Response Fund. The department will continue to pursue other sources of cost recovery, such as federal oversight funds and the federal Oil Spill Liability Trust Fund.

Measure:
The average environmental hazard per contaminated site.
Sec 66 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:
A continuing reduction in the average environmental hazard per contaminated site is the target for this prevention measure. At the end of FY 2000, there were 756 "high", 602 "medium", 466 "low" and 219 "unranked" contaminated sites on the division's list, for a total of 2,143 sites. At the end of FY 2001, there were 776 "high", 660 "medium", 493 "low" and 117 "unranked" contaminated sites, for a total of 2,046 sites. This represents a 47% increase in the number of ranked contaminated sites and a 4.5% decrease in the overall number of sites. The Division is working to develop a mechanism that will track the number of contaminated sites where interim actions have been taken to reduce acute or dangerous exposures to the public.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
The division is working to characterize and rank all known contaminated sites in the state and reduce the number of sites in all categories, beginning with the highest-ranked sites. The goal is the assessment and cleanup of the highest risk sites in Alaska by ensuring the cleanup of contaminated sites by responsible parties; applying consistent and measurable cleanup standards; contracting private specialists to assess and clean up state-owned and "orphan" sites; and implementing an expanded Voluntary CleanUp Program to increase the rate of cleanup of lower priority sites with reduced government oversight.

By analyzing the cleanup process, the division has determined that an important measurement is how many interim actions the division has approved to reduce acute or dangerous exposures to hazardous substances.

Measure:
The number of underground storage tank owners issued "no further action" letters during the year.
Sec 66 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:
A continuing increase in the number of letters issued is the target for this prevention measure. A total of 124 "no further action" letters were issued to underground storage tank owners in FY 2000. In FY 2001,137 letters were issued, representing an increase of 10% over the previous year.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
Through legislation and rulemaking, the state adopted the federal regulatory program for underground storage tanks and added financial assistance and tank worker/inspector elements. The goals are to clean up existing petroleum spills and prevent new spills from happening.

To date, approximately 47 percent of over 2200 UST petroleum spills have been cleaned up and made available for economic reuse. The program has increased its annual rate of "no further action" determinations from 100 to over 125 by ensuring that each site is assigned to a designated staff person and then working the sites in order of highest hazard ranking. Sites of low rank can be expedited by processing through the Voluntary Cleanup Program.

Measure:
Amount of oil spilled (gallons).

Alaska's Target & Progress:
A continuing reduction in the amount of oil spilled is the target for this performance measure. For the five-year period from July 1, 1996 - June 30, 2000, an average of 219,605 gallons of oil were spilled each year. In FY 2001, 187,985 gallons of oil were spilled, a reduction of over 14% from the previous five-year average.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
Consistent with the Governor's goal of a 15% overall reduction of oil and hazardous substance spills, the department is working to prevent oil spills through the implementation of a prevention plan which includes risk reduction measures, technical assistance, legal action, and/or public outreach/educational approaches; educates commercial fuel tank owners and operators in proper spill prevention and response methods and technologies; and provides technical assistance to tank owners and operators to ensure compliance with federal regulations.

Measure:
Number of contaminated sites that have been cleaned up.

Alaska's Target & Progress:
A continuing increase in the rate of contaminated site cleanups is the target of this performance measure. In FY 2000, 58 contaminated sites cleanups were completed. Eighty military site cleanups were also closed out at the Adak formerly used defense site during FY 2000. In FY 2001 there were 74 completed site cleanups, representing an increase in the number of cleanups of 28%, not counting the Adak sites.

Benchmark Comparisons:
External comparisons not available.

Background and Strategies:
Annual site completion rates have more than doubled over the last ten years. The division has taken a number of steps, which will result in further acceleration of the rate of cleanup completions. In 1999 the division promulgated new cleanup regulations which allow contaminated site cleanups to be proportional to the risks posed to human health and the environment and the intended land use. The use of "institutional controls" tools has been expanded to facilitate risk-based cleanups which can reduce the time and costs associated with cleanups. The division has also expanded the Voluntary Cleanup Program (VCP) for low and medium priority sites to enable many sites, including underground storage tank sites, to be cleaned up under a streamlined process with minimal oversight by department staff. During new site identification, responsible parties for VCP candidate sites are invited to take advantage of this streamlined cleanup process. The division made an earlier decision to focus some staff resources on large facilities that have multiple high priority sites, such as the former U.S. Navy facility on Adak Island. This approach allowed simultaneous assessment and clean up of multiple sites in an area. The results of this approach will be realized during FY 01 and following years as multiple final cleanup efforts are completed and documented.

Spill Prevention and Response

BRU Financial Summary by Component

All dollars in thousands

	FY2001 Actuals				FY2002 Authorized				FY2003 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Spill Prev. & Resp. Director	0.0	0.0	194.4	194.4	0.0	0.0	197.9	197.9	0.0	0.0	202.4	202.4
Contaminated Sites Program	0.0	0.0	0.0	0.0	0.0	3,122.2	4,352.7	7,474.9	0.0	3,166.2	4,138.9	7,305.1
Industry Prep. & Pipeline Op.	0.0	0.0	2,592.8	2,592.8	0.0	8.5	3,192.6	3,201.1	451.2	8.5	3,463.1	3,922.8
Ind. Prep. & Pipeline Op. - Lang	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prevention and Emerg. Response	0.0	0.0	3,156.4	3,156.4	0.0	0.0	3,135.4	3,135.4	244.0	0.0	3,187.4	3,431.4
Response Fund Administration	0.0	0.0	1,584.2	1,584.2	0.0	32.0	1,752.4	1,784.4	0.0	32.7	1,759.7	1,792.4
Totals	**0.0**	**0.0**	**7,527.8**	**7,527.8**	**0.0**	**3,162.7**	**12,631.0**	**15,793.7**	**695.2**	**3,207.4**	**12,751.5**	**16,654.1**

Spill Prevention and Response

Proposed Changes in Levels of Service for FY2003

Three positions will be added for second-year implementation of Senate Bill 16 and its associated fiscal note. Senate Bill 16 requires that certain nontank vessels and railroad cars submit contingency plans to the department for review and approval. The positions are required to review and approve these contingency plans and to conduct annual corresponding drills and compliance verification at covered facilities.

Alaska is experiencing a significant increase in the level of oil and gas exploration and development. Areas west of the Kuparuk River in the National Petroleum Reserve Alaska are being aggressively explored. During the winter of 2001-2002, 45 exploration wells are planned, versus 26 last year and 8 the year before. Oil companies from outside Alaska are moving forward with plans to drill in the foothills of the Brooks Range. Exploration and development of Cook Inlet reserves is increasing as the result of significant recent discoveries. New seismic technology that has a high exploratory drilling success rate is spurring interest to conduct re-exploration of existing oil and gas production areas and may lead to additional exploratory drilling and development. The Minerals Management Service is proceeding with plans to hold lease sales in the offshore frontier areas of the Beaufort Sea, Chuckchi Sea, Norton Sound, and Cook Inlet during the next five years (2002 – 2007). Additional state and federal acreage on the North Slope and Cook Inlet will be leased for oil and gas exploration. Significant interest in the development of potential shallow natural gas and coalbed methane deposits exists and is increasing. The state has so far authorized exploration for these new resources in Northwest Alaska, the Tanana Basin, and on the Kenai Peninsula.

DEC is not keeping pace with the current level of oil and gas activities in Alaska and cannot keep up with the expected increased level of exploration and development activities.

- Oil and gas facilities are seldom inspected for compliance with state environmental laws.
- The effects of oil and gas waste discharges to the air, land and water are not being monitored or measured.
- Too many permits are issued after long delays, uncertainty, and disagreement.
- There is little communication or collaboration with industry and concerned stakeholders on the planning and design of projects to minimize environmental problems and take advantage of opportunities to promote environmentally responsible development.

The oil safety and development initiative funds new and enhanced services in the Divisions of Spill Prevention and Response, Air and Water Quality, and Statewide Public Service. Services fall in three areas 1) environmental planning, design and consultation; 2) permitting; and 3) inspection and compliance.

Environmental Planning, Design and Consultation

DEC will:

- work proactively to identify potential environmental and public health issues early in the lease sale planning process when changes can be most effective in preventing future pollution problems.
- review plans and statements for lease sale plans to identify and avoid or mitigate potential air, land and water quality effects.
- identify and resolve potential environmental and public health issues early when changes to project designs can be most effective in preventing future pollution problems.
- identify potential improvements to streamline permit approvals.
- review and prepare a single coordinated and consolidated response.
- develop and implement assessments of the cumulative effects of oil and gas activities on Alaska's environment.
- increase its participation with stakeholder workgroups to resolve disagreements on what it means to "do it right".

SPILL PREVENTION AND RESPONSE

- streamline contingency plan requirements through development of standardized technical manuals, scenario guidelines and assumptions.
- provide additional technical assistance and develop contingency plan submittal guidelines to prevent problems and expedite the approval process by initiating early action on potential issues.

- provide technical assistance to industry and consultants.
- develop educational materials and conduct stakeholder outreach.

Permitting and Plan Approvals

DEC will:

SPILL PREVENTION AND RESPONSE
- improve the timeliness of reviews for new, amended, and renewed oil spill contingency plans resulting from increased oil and gas activities and improve resolution of issues that prevent plan approvals in a timely manner.

Inspection, Monitoring and Compliance

DEC will:

- open a full-time North Slope field office with four staff.

SPILL PREVENTION AND RESPONSE
- increase the number of drills and exercises conducted to test and determine compliance with oil discharge prevention and contingency plans.
- increase the number of on-site inspections conducted to determine compliance with discharge prevention and response equipment and resource requirements, including personnel training and corrosion detection.
- investigate complaints on lack of proper oil and hazardous substance discharge prevention, preparedness, and cleanup.
- increase on-site monitoring and oversight of cleanups and field responses to significant spills.
- utilize third-party inspectors to assess leak detection and corrosion monitoring practices through term contracts.

Spill Prevention and Response

Summary of BRU Budget Changes by Component

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	General Funds	Federal Funds	Other Funds	Total Funds
FY2002 Authorized	**0.0**	**3,162.7**	**12,631.0**	**15,793.7**
Adjustments which will continue current level of service:				
-Spill Prev. & Resp. Director	0.0	0.0	4.5	4.5
-Contaminated Sites Program	0.0	44.0	-213.8	-169.8
-Industry Prep. & Pipeline Op.	0.0	0.0	50.8	50.8
-Prevention and Emerg. Response	0.0	0.0	52.0	52.0
-Response Fund Administration	0.0	0.7	7.3	8.0
Proposed budget increases:				
-Industry Prep. & Pipeline Op.	451.2	0.0	219.7	670.9
-Prevention and Emerg. Response	244.0	0.0	0.0	244.0

Proposed budget increases:				
FY2003 Governor	**695.2**	**3,207.4**	**12,751.5**	**16,654.1**